

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 7582

Petition of Central Vermont Public Service        )  
Corporation pursuant to 30 V.S.A. §104 for        )  
approval of an amendment to its Articles of        )  
Association    )

Order entered: 1/13/2010

**ORDER REGARDING AMENDMENT TO ARTICLES OF ASSOCIATION**

Central Vermont Public Service Corporation ("CVPS") filed a petition on October 15, 2009, requesting the consent of the Vermont Public Service Board under 30 V.S.A. §104 to a proposed amendment of CVPS's Articles of Association to reduce the maximum size of its Board of Directors from 21 to 13 members.

CVPS's Articles of Association now provide in Article 21(a) that the Board of Directors "shall consist of not less than 9 or more than 21 persons, the exact number to be fixed from time to time in the manner set forth in the By-laws." Under the proposed amendment, which was approved by stockholders at the CVPS Annual Meeting held on May 5, 2009, the minimum number of directors would remain at nine, but the maximum number of directors would be reduced to 13 from 21. The size of the Board of Directors is now fixed at nine, including two vacancies, so the amendment will not result in any change in the number of current directors.

In its petition in support of the amendment, CVPS states that the Board of Directors will continue to have a majority of independent directors and will have sufficient membership to staff all committees of the Board of Directors with independent directors as appropriate or necessary. CVPS notes that reducing the maximum number of directors in the Articles of Association from 21 to 13 will restrict the ability to add a large number of directors to the Board of Directors in the future, thereby restraining potential future costs and mitigating "the risk of a hostile takeover" or an attempt "to 'stack' the Board with additional directors." Furthermore, CVPS represents that the reduction in the maximum size of the Board of Directors provides for effective and efficient

corporate governance practices and "conforms to the corporate governance trend toward smaller board size than their antecedents, meeting more often, being more independent from management, and having better access to information."

In a letter filed on January 11, 2009, the Vermont Department of Public Service ("Department") indicated that it had no objection to the proposed amendment.<sup>1</sup> In addition, we have received no objection from anyone else about the proposed amendment.

Only in a limited number of circumstances would we find any reason to challenge the judgment of corporate management and stockholders as to the appropriate size of a company's Board of Directors. In this instance, the proposed amendment has no effect on the current size of the Board of Directors, and the reduction of the maximum number of directors from 21 to 13 is not unreasonable and may be beneficial for the reasons advanced by CVPS. Accordingly, we do not believe that a hearing in this matter is warranted and we find that the proposed amendment promotes the general good of the State of Vermont and consent to such amendment.

**SO ORDERED.**

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1. The Department, however, noted that another proposed amendment to CVPS's Articles of Association to eliminate staggered terms for members of Board of Directors was not approved by stockholders at the Annual Meeting. The Department expressed the view that any future amendment of such nature should be subject to close scrutiny by the Public Service Board and should require a clear and compelling justification.

Dated at Montpelier, Vermont, this 13<sup>th</sup> day of January, 2010.

<u>s/James Volz</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: January 13, 2009

ATTEST: s/Susan M. Hudson

Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*